

May 14, 2018

Thomas P. Gressette, Jr., Esquire
G. Trenholm Walker, Esquire
Walker Gressette Freeman & Linton, LLC
66 Hasell Street
Charleston, SC 29401

RE: Daufuskie Island Utility Company, Inc. – Refunds to Former Customers
Response to Commission Order 2018-324, Docket No. 2014-346-WS

Dear Mr. Gressette and Mr. Walker:

On April 30, 2018 ORS submitted its Report, entitled Review of Daufuskie Island Utility Company, Inc., Performance Bond, Rates and Refunds, which essentially raised two issues: DIUC's use of an 11% interest rate for customers billed for 6 and 5 quarter and the absence of refunds to former customers. On May 1, 2018 DIUC responded to ORS's Report, explaining that the 11% interest rate properly considered the time payments were made, as required, instead of ORS's use of 12% that reflected the billing date; and that it may not be possible to collect any over-refund from former customers if the ultimately determined utility rates were higher than currently in effect. DIUC also informed the Commission that refunds to former customers would be relatively small and payable out of cash on hand.

On May 2, 2018, the Commission issued Order No. 2018-324, concluding with respect to former customers that \$400,000 out of \$600,000 of Mr. Lee's funds can be released, leaving \$200,000 to be retained for potential refunds to former customers.¹ The Commission's order also states, "If a dollar amount for the unpaid refunds is filed, the Commission should consider if and/or how much of Mr. Lee's personal funds must be retained." The purpose of this letter is to provide the requested information for the Commission's consideration at this time.

Attached as Appendices A and B, are the refunds, by account number, service area and amount with interest through June 30, 2018, that would be due to former availability and usage rate customers, respectively, assuming the current rates are not ultimately revised. The names of the customers have not been included in order to maintain their privacy. The calculation of the refunds was made by compiling for every former customer the amounts they actually paid for each of the quarters that they were billed rates in excess of the current rates; then recalculating the bills for each quarter under the current rates; then calculating the difference in order to determine the excess amounts paid, by quarter from April 1, 2016 through October 1, 2017, and then adding interest to the difference from the start of each quarter through June 30, 2018. The calculation of interest conservatively assumes that payments were made on the first day of the quarter; and for payments that went back for more than one year, the 12% interest rate was compounded.

¹ Because the Commission's Order does not mention the calculation of the refunds, I conclude that the Commission accepts that DIUC's calculation of the refunds including interest was correct and that the refunds to existing customers were reasonable.

As shown on appendix A, there are 35 former availability customers (similar account numbers represent one customer) for which there would be a total of \$2,597.75 in refunds and 37 former usage customers for which there would be \$4,847.88 in refunds, or a total of \$7,445.63 of refunds that could readily be paid with available cash on hand. Accordingly, there is no need to retain Mr. Lee's funds to assure that refunds would be made to former customers.

On the basis of this information, please prepare a response to the Commission's Order No. 2018-324 requesting that it release the bond and related SunTrust Bank letter of credit.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Guastella".

John F. Guastella, President
GUASTELLA ASSOCIATES, LLC
Manager of DIUC

Enclosures: APPENDICES A and B

Availability Refunds through 6.30.2018

Appendix A

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<u>account Number</u>	<u>Service ID</u>	<u>Total Refund</u>
D-146400	D670	30.96
D-146400	D670	52.63
B-38812	B84	3.20
B-38812	B84	5.59
D-137900	D0075	10.69
D-137900	D0075	18.71
M-511321	M0015	16.25
M-511321	M0015	28.46
M-50125	M051	26.34
M-50125	M051	46.14
D-1305001	D0210	57.08
D-1305001	D0210	99.95
D-700501	D0201	17.53
D-700501	D0201	29.12
D-1283000	D0173	30.96
D-1283000	D0173	52.63
M-283001	M184	5.47
M-283001	M184	9.59
D-128300A	D0550	14.69
D-128300A	D0550	24.14
M-219000	M0120	8.72
M-219000	M0120	15.27
M-51148	M518	33.47
M-51148	M518	58.61
D-156700	D107	22.94
D-156700	D107	38.59
M-50223	M045	8.72
M-50223	M045	15.27
D-116500	D0259	28.91
D-116500	D0259	49.05
M-346000	M247	3.88
M-346000	M247	6.80
M-51132	M0015	32.58
M-51132	M0015	57.05
D-131400	D0222	30.96
D-131400	D0222	52.63
D-158000	D0442	30.96
D-158000	D0442	52.63
D-203300	D69	26.42
D-203300	D69	44.67
D-126600	D0580	22.94
D-126600	D0580	38.59
M-51128	M41-A	41.26
M-51128	M41-A	72.24
M-511281	M41-A	5.47
M-511281	M41-A	9.59
D-158100	D0628	30.96
D-158100	D0628	52.63
M-50127	M0136	48.83
M-50127	M0136	85.51
D-144000	D0667	29.97
D-144000	D0667	50.91
M-51165	M602	41.26
M-51165	M602	72.24
D-169600	D0113	12.52

D-169600	D0113	21.92
D-123700	D0459	34.94
D-123700	D0459	59.60
D-208211	D715	20.80
D-208211	D715	36.42
M-179002	M80	37.88
M-179002	M80	66.33
M-283000	M184	43.53
M-283000	M184	76.22
M-502231	M045	40.11
M-502231	M045	70.24
D-116800	D458	30.96
D-116800	D458	52.63
B-310632	B310632	39.79
B-310632	B310632	69.67
D-149100	D0551	30.96
D-149100	D0551	52.63
	Total	2597.75

Usage Refunds through 6.30.2018

Appendix B
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<u>account Number</u>	<u>Service ID</u>	<u>Total Refund</u>
D-163700	D9906	47.42
D-163700	D9906	69.61
D-163700	D9906	2.16
M-505021	M407	21.21
M-505021	M407	11.89
D-137801	D0385	71.20
D-137801	D0385	39.86
D-701058	D9736-1	131.25
D-701058	D9736-1	95.29
D-106400	D0213	63.38
D-106400	D0213	104.74
D-604501	D9732	82.17
D-604501	D9732	103.05
D-163400	D0252	48.59
D-163400	D0252	26.46
B-41181	B79-A	52.11
B-41181	B79-A	41.53
B-41181	B107	103.07
D-134400	D0270	100.46
D-134400	D0270	68.13
D-134400	D0270	10.32
B-42620	B101	74.45
B-42620	B101	124.57
D-700957	D196	75.34
D-700957	D196	60.65
D-148000	D0527	87.65
D-148000	D0527	48.82
D-148000	D0527	0.54
D-206700	D9722-A	111.81
D-206700	D9722-A	81.30
D-206700	D9722-A	17.84
M-103001	M604	32.55
M-103001	M604	22.21
D-701988	D0096	37.81
D-701988	D0096	23.52
D-180900	D0190	49.29
D-180900	D0190	44.38
M-50402	M366	36.01
M-50402	M366	19.62
D-119500	D0112	26.44
D-119500	D0112	40.59
D-122801	D0298	21.95
D-122801	D0298	11.83
D-122801	D0298	3.02
D-205200	D9731	58.31
D-205200	D9731	42.42
D-700964	D322	61.17
D-700964	D322	130.67
D-700964	D322	15.54
D-164500	D533	102.50
D-164500	D533	78.29
D-164500	D533	24.27
D-120300	D0360	50.51
D-120300	D0360	103.77
D-120300	D0360	56.88
D-167500	D9734	73.29

Appendix B
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D-167500	D9734	127.96
D-130200	D0530	48.13
D-130200	D0530	10.88
D-130200	D0530	70.08
D-168400	D312	58.09
D-168400	D312	47.76
D-700931	D708	62.93
D-700931	D708	112.63
D-130300	D0325	11.16
D-130300	D0325	70.91
D-700956	D0165	24.49
D-700956	D0165	13.81
D-700956	D0165	4.23
D-700977	D0039	64.13
D-700977	D0039	35.01
D-700907	D253	51.12
D-700907	D253	31.49
M-355011	M256	57.77
M-355011	M256	41.61
D-181800	D524	79.33
D-181800	D524	61.39
D-132700	D0300	61.54
D-132700	D0300	108.20
D-132700	D0300	45.06
D-122800	D0298	73.68
D-122800	D0298	43.62
D-122800	D0298	12.94
D-103900	D9707	35.51
D-103900	D9707	21.82
D-161500	D0175	47.78
D-161500	D0175	26.42
D-161500	D0175	3.41
D-134901	D0693	90.93
D-134901	D0693	48.31
Total		4847.88